Will's Wisdom: Managing for Money vs Land & Livestock & Community

POSTED BY WILL HARRIS

APR 4, 2022 10:48:19 AM

We have a lot of visitors on the farm, and we are grateful to have them. We operate this farm with complete transparency. We show them everything that we do. And we answer all questions that they ask. We even respond to questions about financial matters that most people would consider too personal. We don't mind, even though some of our financials are

people would consider too personal. We don't mind, even though some of our financials are nothing to boast about.

The financial truth is that White Oak Pastures is a very break-even sort of business. We have even had some years with operating losses. All of our years of operating losses have incurred since we embraced regenerative farming practices. We never had operating losses when we were industrially raising calves for big meat companies. We weren't paid much for the calves, but we still managed to make some money, and paid taxes, every single year.

A corporate executive at a publicly traded corporation would not tolerate the thin profits that we operate on. If he/she did, the company's board of directors [investors] would fire him. These people invest their money expecting a maximum return on their investment. A stock company that was operated in the way that we run White Oak Pastures would have no investors. Our quarterly report would not be satisfactory to these people, who are so focused on profitability. They would not stand for the low return on their investment that we are accustomed to. Especially when considering the risk that we incur to earn so little.

Businesses, these days, are valued on their historical and expected level of profitability. By this calculation, White Oak Pastures is pretty much worth nothing. This is especially true when an investor considers the risk that is involved in earning incredibly low profits every year.

White Oak Pastures has almost $30 million in assets. Some of this is debt, and the rest is equity that is owned by me. There are calculations that accountants In suits use to gauge the health of businesses. Return on investment is one of them (ROI). You divide the amount of profit that you make by the amount of assets that you put at risk to make your profit. Our return on investment sucks. It will consistently and forever suck. That is okay with us.

Why is it okay? Because we ain't trying to sell White Oak Pastures to a company that is run by accountants In suits. White Oak Pastures ain't for sale.

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We don't operate this farm for maximum ROI. That decision gives us the blessed gift of basing our decisions on doing the right things for the next generation [or maybe two generations]. We are free from the pressure of doing things to make our next quarterly reports look good, just to please investors.

When you do the right things for future generations, for the benefit of your grandchildren, the decisions look a lot different than the ones you would make if you were just trying to please the current traders on Wall Street. Our P&L don't look too good, but our land, our livestock, and our community look damn good.

- Will Harris

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Suzanne Karreman

4/11/2022, 7:56:30 PM

Thank you Will. I needed to hear this tonight. We spoke many years ago at a conference

Thank you, Will, I needed to hear this tonight. We spoke many years ago at a conference and you said encouraging and realistic things to me then, and have again since via your writings and speaking.

Traci Dean

4/12/2022, 8:17:48 PM

Thank you for sharing this. We made a huge order from White Oaks Pastures recently through our co-op and are anxiously waiting. Thank you so much for all you DO!

John Carston

11/8/2022, 10:30:45 AM

I found it interesting when you said that implementing regenerative farming methods could help your production to be efficient. A friend mentioned the other night that he was hoping to have a consultation with a financing company to help him boost his development production on his farm. He asked me if I had thoughts on the best option to consider. I love this enlightening article, I'll tell him he can consult a trusted farm financing company as they can help provide details for the best coverage for him.

Margaret Cameron

2/5/2023, 6:15:53 PM

I love White Oak Pastures and all the hard work that is done on the farm to make it a farm that I want to support - and I do. I have product in my freezer and it is my second order. Your ground beef is awesome. Keep givin' 'em hell
Will. I love your plain talk!!!

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